INDEX

CITATIONS

In the Supreme Court of the United States

OCTOBER TERM, 1944

No. 532

UNITED STATES, PETITIONER

v.

DAVID MCD. SHEARER

PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF CLAIMS

The Solicitor General, on behalf of the United States, prays that a writ of certiorari issue to review the judgment entered by the Court of Claims in the above-entitled case under the Special Act of December 17, 1930 (Private, No. 285, 71st Cong.). Since said act provides that "either party may appeal to the Supreme Court of the United States * * * from any judgment in said case" (F. 2, R. 30),[1] an appeal has been taken from the judgment below (No. 424, this term). This peition is filed in the event that the

[1] The findings of the court below rendered after the hearing on validity, infringement, and license are cited as "F."; those rendered on the accounting are cited as "FA." The printed record is cited "R." the unprinted testimony, "Tr."; and unprinted exhibits by exhibit number.

provision for appeal in the Special Act is to be construed as an authorization to file a petition for certiorari. Cf. *United States* v. *Goltra,* 312 U. S. 203; *Colgate* v. *United States,* 280 U. S. 43. The certified transcript of record filed in the appeal includes the portions of the record upon which this petition is based.

OPINIONS BELOW

The opinion and special findings of fact of the Court of Claims on the issues of validity, infringement and license are reported in 87 C. Cls. 40; the opinion and special findings of fact on the accounting are not yet officially reported.

JURISDICTION

The judgment of the Court of Claims was entered on May 1, 1944 (R. 93, 94). Time in which to file a petition for writ of certiorari was extended by the Chief Justice for a period of 60 days from August 1, 1944, i. e. to September 30, 1944 (R. 102). The Court of Claims allowed petitioner's motion that the transcript of record and assignments of error on the appeal be accepted as compliance with Rule 99(b) of that court for the purposes of this petition (R. 96, 94).

The jurisdiction of this Court is invoked under the provisions of Section 3 (b) of the Act of February 13, 1925, as amended by the Act of May 22, 1939; and under the Special Act of December 17, 1930 (Private, No. 285, 71st Cong.).

QUESTIONS PRESENTED

1. (a) Whether the court below erred in denying the Government a license under its employee's invention—one pertaining to a device intimately related to his line of duty and conceived while he was under official orders to recommend improvements in that field, which conception was submitted by him to the Government without claim of any personal rights, and was successfully reduced to practice at Government expense—merely because the employee, without notice to the Government, filed a patent application on his conception before such actual reduction to practice.

(b) A subsidiary question is whether in any event the Government was entitled to a license under that invention in view of the fact that the Government had acquired a license under a second invention made by that employee, which was useful exclusively for producing the device of the first invention and upon which the value of the first invention was entirely dependent.

2. (a) Whether the court erred in apportioning value between the patents for the first and second inventions on the basis of the relative costs of building the first invention and practicing the second, notwithstanding that the value of the first was entirely dependent on the success of the second, and that there was no showing of any relationship between such costs and the savings attributable to the respective inventions.

(b) A related question is whether, in evaluating the patent for the first invention, the court erred in applying the "entire value" rule, and in failing to apportion to the prior art the advantages of features common to said first invention and the prior art, notwithstanding that the court had found said invention not a pioneer one in any sense, and not different from the prior art, when completed, but only more easily put in place than the devices of the prior art.

3. Whether the Court of Claims erred in awarding "as part of just compensation," interest on the amount found due the plaintiff, where the special act under which suit was brought did not provide for interest, and was not the exercise of the power of eminent domain but was merely a consent to be sued for a past infringement.

4. Whether the Court of Claims erred in holding that it involved "invention" to attach known articulated concrete revetments to launching cables to enable them to be launched in deep water, notwithstanding that it was known to secure fascine revetments to such cables to enable them to be launched in deep water.

STATUTE INVOLVED

The Special Act of December 17, 1930 (Private No. 285, 71st Cong.) is set forth in full in the Appendix, *infra,* pp. 22, 23.

STATEMENT

From 1910 to May 1917, the respondent, David McD. Shearer, was employed by the United States as a junior engineer and chief of a revetment party under the Mississippi River Commission (F. 15, R. 39). While so employed he became thoroughly familiar with the construction and sinking of fascine (willow) mattresses as revetments in flood-control and channel-control projects, and the apparatus used in such work. In the course of his duties he supervised and directed the construction, sinking, and repairs of such willow mattresses and also assisted in making computations, drawings, designs, and specifications for floating plant pertaining to fascine revetments and channel control (F. 15, 16, R. 39, 40). In November 1913, the Commission instructed Shearer, together with all other chiefs of revetment parties, to submit to his superior officer a report on the causes of failure in bank revetments and any suggestions as to changes in construction which would prevent these failures (F. 18, R. 40). In March 1914, pursuant to these instructions, he and the other chiefs submitted reports dealing with failures of both upper bank and subaqueous bank and suggested means of remedying or preventing such faults. Shearer's report suggested a more extensive use of reinforced concrete, particularly for upper bank protection (F. 19, R. 40).

In May 1914, while on annual leave with pay, Shearer requested authorization to carry further his investigation in the use of concrete (F. 20, R. 41; Tr. 757–9), and such authority was granted (F. 21, R. 41). At some later time, Shearer prepared drawings of a concrete revetment structure and a launching apparatus, and a written description thereof, alleging the superiority of these structures to fascines. The description and drawings were all in official form, signed by Shearer in his official capacity, and were submitted by him through official channels to the District Officer on October 6, 1914, while Shearer was again on leave with pay (F. 23, R. 41; P. Ex. 7; Tr. 757–9). On December 19, 1914, Shearer wrote to the District Officer referring to the study which he had made "under authority of the District Officer" into the applicability of concrete and concreting methods to Mississippi river bank revetment; stating that "in this connection a plan for a concrete mat" for subaqueous protection was worked up and "submitted in the usual manner"; and expressing the hope that the mat would be used at an early date [D. Ex. 7]. On December 21, 1914 the District Officer replied that it was impracticable to test Shearer's suggestions that season because of lack of an appropriation, and stated that the question of possible patent infringement was being investigated. [P. Ex. 8]. On December 30, 1914, without informing the District Officer, Shearer applied for a patent

on his concrete revetment conception (F. 1, R. 29).[2]

In April 1915, the District Officer advised Shearer that the Government intended to conduct trials of his proposed revetment, and instructed him to supervise the making of alterations in a brush mat-boat to adapt it to the laying of concrete revetments. Shearer did so until June 28, 1915, when the alterations were nearly completed (F. 24, R. 42). In July 1915, the Commission made attempts to launch and place concrete revetments in accordance with Shearer's proposals. He was present, his expenses of attending being paid by the Government, but he took no part in the actual trials of the structures (F. 27, R. 42).

The tests showed no need for alteration in the revetment itself, but demonstrated serious difficulty in the launching apparatus (R. 64; F. 27, R. 42). At the conclusion of the tests, Shearer prepared a modified design intended to overcome the imperfections in the launching apparatus which he submitted to the Government in August 1915 (F.

[2] This application resulted in patent No. 1173879 granted Feb. 29, 1916.

The drawings and papers submitted by Shearer to the District Officer on October 6, 1914 also included a description of a molding frame designed for casting the revetments there described. Shearer obtained a patent on this structure (letters patent No. 1,173,880), which was originally also in suit. However, Shearer withdrew it after a finding by the Commissioner of lack of invention and before consideration by the Court of Claims (F. 55, R. 55).

612070—44——2

28, R. 43). This design was modified by Government employees and was then constructed at Government expense under Shearer's supervision early in 1916, and tested successfully in July of that year (F. 29, 30, R. 43). He also applied for a patent on this structure in October 1915, and obtained patent No. 1,229,152 on June 5, 1917. In 1917, the Government began to lay concrete revetments on the bed of the Mississippi River, using the launching apparatus as improved (F. 42, R. 48; F. 53, R. 54; 87 C. Cls. 77, R. 60).

Throughout the entire period of the origination and development of both the concrete revetment and the launching apparatus Shearer was in direct charge of the work for the Government except for a short change of assignment and a short interval of leave with pay (87 C. Cls. 77, R. 60). During this period, he lived on the so-called "quarters barge" provided by the Government and was "on call" 24 hours a day (Tr. 389). He did not on his own account or at his own expense construct any of the structures; the entire expense of construction, including materials and labor, was borne by the Government (F. 32, R. 43; 87 C. Cls. 77, R. 60). At no time prior to October 26, 1917, did he claim compensation or notify the Government that he would demand compensation (F. 54, R. 54).

On December 17, 1930, the Special Act under which suit was brought below was approved. The Act waived the statute of limitations and conferred jurisdiction upon the Court of Claims to

hear and determine (1) whether Shearer was the original and sole inventor of the inventions described in his patents and (2) what amount of compensation, if any, he is entitled to receive from the United States for the use of his inventions. In determining whether compensation was due, and if so, in what amount, the court was instructed to take into consideration the fact that Shearer was in the service of the United States while engaged in perfecting the invention; the extent to which the inventions were discovered or developed during his working hours in the Government service; and the extent to which the United States contributed to the expense of perfecting the inventions.

Shearer brought suit under the Act and the United States defended on the ground of invalidity, noninfringement, and a license implied from the employer-employee relationship 87 C. Cls. 81, 82, R. 63).

The Court of Claims held that "Congress intended * * * to refer the case to this Court to be adjudicated as other patent cases under patent law" and "not * * * to waive available governmental defenses, except the statute of limitations and the prohibition of plaintiff's right to sue as expressed in the acts of 1910 and 1918." [3] The

[3] The Act of June 25, 1910 (36 Stat. 851), as amended July 1, 1918 (40 Stat. 705; 35 U. S. C. 68), authorizes suit against the United States in the Court of Claims to recover compensation for unlicensed use by the Government of a patented

Court found that the launching apparatus patent was valid, but that the Government, by contributing to its development, had acquired a license to use it (87 C. Cls. 83, R. 65).

The court found that the revetment patent was valid and infringed and that the Government had obtained no license thereunder because Shearer had filed an application for patent on his conception before the mat was actually reduced to practice by the Government, and because such actual reduction to practice showed no need for changes in the original conception to render the device successful 87 C. Cls. 82, R. 63, 64).

The Court of Claims held that the mat, once launched, was no different from the prior art concrete mats (F. 38–39, R. 46, 47); that the mat invention was not basic or pioneer (87 C. Cls. 82, R. 64; F. A. 8, R. 77), but was limited to the novel feature of connecting the concrete mats to the launching cables whereby their excessive weight was unified to a single multi-block concrete unit, enabling a successful launching of a concrete mattress to be obtained (F. 39, R. 47; 87 C. Cls. 82, R. 64); that the value of the mat patent was limited to this novel accomplishment (87 C. Cls. 82; R. 64); and that the value of Shearer's conceptions was entirely de-

---

invention. However, the Act provides that its benefits "shall not inure to any patentee who, when he makes such claim, is in the employment or service of the Government of the United States," and that it shall not "apply to any device discovered or invented by such employee during the time of his employment or service."

pendent upon the efficiency and operativeness of a launching apparatus (87 C. Cls. 77; R. 59). A motion for a new trial was denied (R. 72).

On the accounting, however, the Court of Claims refused to apportion between the limited novelty of the patented invention and the features therein common to the prior art, and instead applied the "entire value" rule in determining the value of the revetment patent (R. 90). To determine this value it first determined the total saving in cost to the Government in building and sinking the concrete revetment as compared to the costs of like operations with fascine revetments (F. A. 13, 14, R. 80).[4] It then increased this total saving figure about 12% for the advantage resulting from the inorganic nature and lack of natural buoyancy of the structure (F. A. 18, 21, R. 82–83), notwithstanding that the concrete mats of the prior art had contributed this advantage and that it was not new with Shearer. Although it had found that the efficiency and operativeness of Shearer's concrete revetment was entirely depended upon the launching apparatus (which the Government was licensed to use), the Court of Claims distributed the total saving from the use of the revetment between the mat patent and the launching apparatus patent according to the relative cost of each operation. On this basis the court attributed 39.6% of the total saving to

[4] Willow mat revetments laid and sunk in the same districts during the accounting period were used as a reasonable standard of comparison (F. A. 12, 13, R. 79–80; R. 90).

use of the launching apparatus patent and the remaining 60.4% to use of the revetment patent (F. A. 7, 14, R. 76, 80). It then awarded plaintiff 20% of the saving attributed to the revetment patent as reasonable compensation for the use of that "limited" and "dependent" invention (F. A. 22, R. 83), rejecting the Government's contention that the court should apportion between the features of the revetment previously old in the art and the improvement contributed by the patentee. Lastly, the court augmented its award by interest at 5% per annum "not as interest but as a part of the just compensation." (F. A. 23, R. 84). The Government's motion for a new trial was denied; Shearer's motion for a new trial was granted in part and denied in part; and the court on May 1, 1944, entered final judgment in the amount of $319,673.16, plus interest thereon at 5% (R. 94).

SPECIFICATION OF ERRORS TO BE URGED

The Court of Claims erred:

(1) In failing to hold that the Government acquired a license or shop-right in the revetment patent (No. 1,173,879) by virtue of the employer-employee relationship between the parties and the circumstances under which the invention was made.

(2) In holding that an implied license to the Government under said patent was precluded by the prior filing of application for that patent, notwithstanding the employment of Government fa-

cilities and personnel in the construction and actual reduction to practice of its subject matter.

(3) In failing to hold that the Government acquired a resulting license in the revetment patent by virtue of its license under the launching apparatus patent (No. 1,229,152), since such apparatus was useful only for producing and laying the concrete mat of the revetment.

(4) In failing to allocate to the patent for the launching apparatus all or a major percentage of the "saving to the Government" from use of both that device and the revetment patent, after having found the value of the latter "entirely dependent" upon the launching apparatus.

(5) In failing to apportion the value of the revetment as a whole between the features thereof known to the prior art and the minor improvement of the Shearer patent thereon.

(6) In applying the "entire value" rule in determining the value of the use of the revetment patent to the Government.

(7) In awarding interest on the compensation found to be due the plaintiff.

(8) In not finding the revetment patent invalid for lack of invention.[5]

REASONS FOR GRANTING THE WRIT

1. In holding the Government not entitled to a license to use the revetment patent, the court below decided an important question of law in a

[5] This is not advanced as a reason for granting the writ, but is intended to be reserved if certiorari is granted.

manner inconsistent, we believe, with sound principles and governing authority.

(a) It is well settled that where one employed in a certain line of work devises an improved method or instrument for doing that work, uses the employer's property and the services of other employees to develop his invention and put it into practicable form, and assents to its use by the employer, the employer acquires an irrevocable license to use such invention. *McClurg* v. *Kingsland,* 1 How. 202; *Solomons* v. *United States,* 137 U. S. 342; *Lane & Bodley Co.* v. *Locke,* 150 U. S. 193. And where the employee is instructed, in his line of duty, to develop a particular improvement, the title to the ensuing invention belongs to the employer. See *United States* v. *Dubilier Condenser Corp.,* 289 U. S. 178, 188.

The instant case falls plainly within at least the first category. At the time the revetment structure was conceived and developed, Shearer had been acting, as a Government employee, under definite instructions from his superiors to investigate revetment failures and to make suggestions as to their possible improvement (F. 18, R. 40). In so doing, he became interested in the use of concrete for bank protection, officially suggested such use to his superiors, and upon approval of his own request for authority to proceed, carried out further investigations into its use (F. 20, 21, R. 41). During this time Shearer was Chief of Revetment Party and, as such, was on call 24 hours a day (Tr. 389–390).

The drawings and descriptions of the concrete revetment structure and apparatus were drawn up by Shearer in the usual official form on Government paper, signed by him in his official capacity, and submitted through official channels to his superiors having control of new experimental work.[6] During the entire period required to develop the utility of his conceptions, except when on vacation with pay or change of assignment, Shearer was in direct charge of the Government's revetment work, and obviously acted in the direct line of his regularly assigned duties (87 C. Cls. 77; R. 60). None of the structures was ever constructed by Shearer on his own account or at his own expense; the entire expenses were borne by the Government. Throughout this entire period Shearer urged the use of his structure upon the Government (D. Ex. 7; R. 64), and was fully cognizant that the Government proposed to use any found useful; yet at no time prior to October 26, 1917, did he claim compensation (F. 54, R. 55).

The Court of Claims held that these circumstances were outweighed and the United States prevented from obtaining an implied license by the facts that the revetment conception was em-

[6] Whether Shearer was or was not on leave during preparation of these papers does not appear clearly; their content indicates he was not. (See P. Ex. 7). He was on leave with pay, however, at the time they were forwarded to the District Officer. (F. 23, R. 41; Tr. 757–759.) See also footnote 7, p. 17, *infra*.

bodied in an application for a patent at the time it was subjected to tests, and that the actual building and testing by the Government showed no need of substantial change in the structure (R. 64). This is contrary not only to the ruling cases on shop rights, which attach no significance to this time factor, but also to decisions holding the employer entitled to a shop right although the employee had applied for a patent before the expenditures by the employer were made. *Elzwilaw Co.* v. *Knoxville Glove Co.*, 22 F. (2d) 962 (C. C. A. 7); *Moffett* v. *Fiske*, 51 F. (2d) 868 (App. D. C.); *Schmidt* v. *Central Foundry Co.*, 218 Fed. 466 (D. N. J.); *Wilkens* v. *Spafford*, Fed. Case No. 17,659 (C. Ct. Dist. Mass.); see *Ford Motor Co.* v. *K. W. Ignition Co.*, 278 Fed. 373, 377 (C. C. A. 7); cf. *Anderson* v. *Eiler*, 50 Fed. 775 (C. C. A. 3). Moreover, the court's basis for decision overlooks the fact that the implied license is founded upon the equitable principle that the employer is entitled to continue a use started with the consent of the employee, who stood by without protest while the employer made expenditures and used the invention. *McClurg* v. *Kingsland*, 1 How. 202; *Gill* v. *United States*, 160 U. S. 426; *Lane & Bodley Co.* v. *Locke*, 150 U. S. 193; *United States* v. *Dubilier Condenser Corp.*, 289 U. S. 178, 185–186, 188–189, and Mr. Justice Stone, dissenting, id. 214; *Barber* v. *National Carbon Co.*, 129 Fed. 370 (C. C. A. 6). To hold, as did the court below, that mere constructive

completion of Shearer's invention outside regular working hours prevented an implied license in the Government not only violates settled rules (see *Moore* v. *United States,* 249 U. S. 487; *Gill* v. *United States,* 160 U. S. 426; *Wiegand* v. *Dover Mfg. Co.,* 292 Fed. 255, 261 (D. Ct., N. D. Ohio, E. D.)), but provides an easy avenue for avoiding an implied license. No matter how intimately connected the invention may be to the employee's duties, he need merely take a few days' annual leave to formulate his ideas and prepare and file an application for a patent.[7]

(b) An independent basis for the Government's license is the rule that a license acquired under one patent carries with it an implied or "resulting" license under any other patent of the licensor to do what is necessary to enable the licensee to enjoy the benefits of the license under the first patent. See *Frederick B. Stevens, Inc.* v. *Steel and Tubes, Inc.,* 114 F. (2d) 815 (C. C. A. 6); *Victory Bottle Capping Machine Co.* v. *O. and J. Machine Co.,* 280 Fed. 753 (C. C. A. 1). The court below erred in holding these principles inapplicable here. The Court found that the Gov-

[7] Whether the drawings and description (P. Ex. 7) or even the later patent application were prepared while Shearer was on vacation or outside his working hours is immaterial. Leave with pay is for the Government's benefit, to rest and refresh its employees for further work. See *Butler* v. *United States*, No. 45173, U. S. Crt. of Claims, decided May 1, 1944. Hence, conceptions in line of duty voluntarily worked out during leave with pay should be treated no differently than those worked out during working hours.

ernment had acquired a license to use the launching apparatus (87 C. Cls. 83; R. 65); and that "the value of plaintiff's conceptions was entirely dependent upon the efficiency and operativeness of a launching apparatus" (87 C. Cls. 77; R. 59). Conversely, the launching apparatus was designed and is useful solely for the assemblage and launching of the concrete revetments shown in the revetment patent. Yet the court below ruled that because the license was implied rather than express and was acquired by the Government under its employer status rather than by purchase, no resulting license was acquired under the revetment patent.

The unfairness of this ruling is exemplified by its application to private parties in the same relationship. Under the decision below, the employer, held entitled to use the launching apparatus, could nevertheless be prevented from enjoying his license if the employee refused to license use of the revetment patent. While injunction against the sovereign is not available in comparable circumstances, there is no ground for denying to the sovereign as employer the same property rights in the employees' inventions as would be accorded between private parties in the same circumstances.

2. In awarding compensation, the court failed to apportion properly (a) between the revetment and the launching apparatus and (b) between the new features of the revetment and the features thereof known to the prior art.

(a) The court found the usefulness and value of the revetment device to be wholly dependent upon the launching apparatus. While allocation to the revetment device of some part of the total savings to the Government from the use of both devices would not be precluded by such a finding, the court selected the illogical and arbitrary basis of allocating the savings, not according to the relative utility or savings effected by the two conceptions, but according to the relative costs of the construction of the revetments and of their launching. But the relative cost of practicing the two inventions bears no reasonable relationship to the relative savings effected by them. On the "cost" basis, if the launching apparatus had been more expensive to operate and had thus effected *less* savings to the Government, it would have been credited with a *greater* share of the total savings. Moreover, since the revetment itself was no better than those of the prior art, the patent for it would have been valueless in the absence of the Government's development of a launching apparatus giving it augmented utility. But the "cost" basis of accounting takes no cognizance of this.

(b) The court refused to apportion the value of the revetment patent as a whole between the features therein newly contributed by the patentee and the features therein known to the prior art. The prior art had disclosed the use of reinforced concrete blocks for revetment purposes, and also the idea of flexibly joining together a multiplicity

of such blocks spaced apart. Such reinforced concrete revetments were usable, and the Government had in fact used them on the banks or in shallow waters (F. 38, R. 46; F. A. 8, R. 77). Hence, Shearer's invention involved nothing new in revetment construction; it merely facilitated the placing of known concrete revetments in deep water, adapting them to a launching method requiring development of the launching apparatus to render it of value.[8] For this "limited contribution" (87 C. Cls. 82, R. 62–64) the court awarded 20% of the value of the saving to the Government attributed (on a cost basis) to the use of concrete in lieu of fascines in revetments. No allocation to features common to the prior art was made.

Such an award is clearly violative of the principle that compensation should be limited to the improvement contributed by plaintiff and should not include features contributed by others. See *Dowagiac Mfg. Co.* v. *Minnesota Moline Plow Co.*, 235 U. S. 641; *Westinghouse Co.* v. *Wagner Mfg. Co.*, 225 U. S. 604, 615; *Sheldon* v. *Metro-Goldwyn Pictures Corp.*, 309 U. S. 390; *Marconi Wireless Telegraph Co. of America* v. *United States*, 320 U. S. 1, 50; *Egry Register Co.* v. *Standard Register* Co., 23 F. (2d) 438 (C. C. A. 6).

[8] Shearer's contribution, as found below, was "the novel method of connecting concrete mats to launching cables whereby a new and novel result is obtained of unifying the excessive weight of the same to a single concrete unit enabling a successful launching of a concrete mattress to be obtained" (87 C. Cls. 82, R. 64).

3. The Court of Claims awarded interest of 5% on the amount of the recovery, "not as interest but as part of just compensation" pursuant to the court's practice in eminent domain cases. The present case, however, did not arise under an eminent domain statute such as the Act of 1910 as amended (*supra* p. 9, note 3). Cf. *Waite* v. *United States,* 282 U. S. 508. The 1910 Act being inapplicable, the Government's use of Shearer's patents was a tortious infringement for which it had not consented to be sued until the special act waived the immunity and gave the court jurisdiction to hear the claim. This Court has held that in similar circumstances an award of interest is unjustified in the absence of a clear intention of Congress to ratify the originally tortious taking as a taking under eminent domain, and that the mere use of the words "just compensation" in such a special act does not indicate such intention. *United States* v. *Goltra,* 312 U. S. 203. Here, as in the *Goltra* case, the special act was "drawn to rectify what Congress felt might be a wrong," and not to exercise its power of eminent domain.

CONCLUSION

For the reasons above set forth, it is respectfully submitted that this petition for a writ of certiorari should be granted.

CHARLES FAHY,
Solicitor General.

SEPTEMBER 1944.